

if the change had not made it unnecessary to depart from the metallic standard. It is probable that of the \$6,844,571,431 computed<sup>1</sup> as the cost of the war up to the resumption of specie payments in 1879, \$2,000,000,000 could have been saved to the tax-payers and the public debt would no longer exist. Outside and beyond these considerations, moreover, was the injury done to depositors in savings banks and to other creditors by payment in a depreciated dollar, and the injury to laborers, whose wages were far from keeping pace with the advance in paper prices.<sup>2</sup>

It has been necessary to refer to the financial policy of Secretary Chase in order to show the conditions out of which grew the national banking system. The system was a part of the Secretary's policy of carrying on the war by means of loans, and was intended to make a market for American securities and to maintain their price. One of the first effects of the suspension of specie payments was the increase of the

<sup>1</sup> Bolles, III., 244. Mr. Edward Atkinson computes the war expenditures for the seven years, 1862 to 1868, exclusive of the peace establishment, at \$4,150,000,000, of which "not less than \$2,200,000,000 was paid for war material and supplies, the prices of which were raised by the depreciation of bad money." The average advance in prices in the four years of war over the prices of 1860 was 87 per cent., which increased the cost of material of war \$1,000,000,000. Since that time we have paid more than five per cent, interest for thirty years on seven-tenths of this sum, amounting to \$1,050,000,000. —"The Cost of Bad Money," *Harper's Weekly*, Oct. 12, 1895, XXXIX.,

<sup>2</sup> Wholesale prices followed the gold premium in a majority of cases at once or at an interval of about a month, but the advances in many retail lines were undoubtedly much more rapid. Wholesale prices, moreover, remained stationary for nearly a year after the gold premium began to fall, and then only followed it downward at long removes. See the admirable article of Fred Perry Powers, "The Greenback in War," *Pol. Sc. Qrl*, March, 1887, II., 79. Mr. Atkinson, in the article quoted above, computes the transfer of profits from wage earners to speculators or capitalists, as the result of the legal tender laws, at \$7,000,000,000 in the seven years 1862-68,—\$40 per head annually, or \$120 for a family of three, exclusive of enhanced payments directly for taxes, out of an average income of about \$450 per family.